POLITICAL IMPORTANCE OF THE INTERNATIONAL LOAN IN LIBERIA

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During the last few years the Liberian republic has been passing through a severe national crisis, but through the good offices of the government of the United States the Liberian people have been inspired with new hope, the unrest which has attended the jeopardy of her territory and the security of her independence has subsided, and the country has entered upon a new era. Perhaps the most notable fact in this new Liberian program is the international loan, which is one of the results of the interest taken by the American government in the recent Liberian crisis. The scope and influence of this loan upon Liberia may be somewhat guaged from some of the prominent features of the international loan agreement.

Certain banking institutions of the United States, Germany, France and Great Britain are to furnish the Republic of Liberia the sum of $1,700,000 to be used in paying off its domestic and foreign debt in accordance with the terms of the agreement.

As security for this amount the Liberian customs revenue is to be temporarily placed in charge of a customs receivership, with a General Receiver from the United States appointed by and holding his office during the pleasure of the American president, and three Receivers, one each from Great Britain, Germany and France, appointed by and holding their respective offices during the pleasure of the appointing governments. The loan is further secured by the revenues derived from Liberian exports and imports, duties on rubber, and all head moneys.

Liberia is to open negotiations, assisted by the bankers, with all creditors to pay them off in cash or bonds or both.

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The loan is to be floated by Liberia's creating 5 per cent sinking fund gold bonds not to exceed $1,700,000, in denominations of $1000, $500, and $100 if required by the bankers, which are to be equivalent in value to the gold coin of the United States.

They are required to be registered and numbered and to contain a recitation of the revenues of the Liberian Republic which secure the bonds of the loan.

During the life of the loan the customs receivership shall have charge of the collection of those revenues which are subject to the payment of the loan.

The bonds are to mature in forty years and to bear interest at the rate of 5 per cent per annum. They are to be payable in New York, at the office of the fiscal agents of the loan; and also at the option of the holder in London, Paris, Hamburg and at such other cities as the bankers may deem necessary.

The bonds shall be subject to purchase for the sinking fund on any half-yearly interest date, not later than ten years therefrom, at a premium of $2\frac{1}{2}$ per cent, and on any such date at par by six weeks notice. The bonds are permanently exempt from any tax within Liberia.

The Liberian government is pledged to consider the loan a direct liability, and to pay the principal, interest and such other amounts required by the international agreement, as they fall due whether in interest, sinking fund or expenses. The Liberian revenues subject to the loan are transferred for the service of the loan and are termed assigned revenues.

The customs receivership is to have charge of the assigned revenues and during the life of the loan any vacancy arising from time to time shall be filled by the government in whose receivership a vacancy occurs.

In order to further insure the efficient and faithful collection of the assigned revenues under the international agreement the Receivers are to be under the direction of the General Receiver. A majority of the Receivers may suspend officials in the customs service appointed by the Liberian government, and may make temporary appointments until the vacancies are permanently filled by the Liberian government.

For the further efficiency of the receivership the majority of the Receivers shall have power to prescribe rules and regulations for the administration of the assigned revenues, and to assure as far as possible the collection thereof the Liberian government shall maintain and place at the disposal of the receivership, an adequate customs guard and patrol at sea and on land; and in case Liberia fails to provide such patrol service, the majority of the Receivers shall have power to provide the same and pay the expenses thereof out of the assigned revenues, with the aid and assistance of the Liberian government. The receivership is to report and render monthly accounts to the Liberian secretary of the treasury, subject to examination and verification by the Liberian government. The salaries of the receivership are as follows: General Receiver, $5000; three Receivers, each $2500.

During the life of the loan the customs on exports and imports, the rubber tax and the head money shall be payable in gold and the rates and amounts shall not be decreased unless two years have elapsed next preceding any proposed change, and the amounts of the assigned revenues, after paying all expenses, are in excess of $500,000 in United States gold; nor unless the amount of the assigned revenues for the preceeding two years less expenses shall at the altered rate be in excess of $500,000 for each of the two years; nor then unless such decrease, by its terms, continue only to the end of any fiscal year in which the amount of the assigned revenues collected for such fiscal year, deducting all expenses, shall be less than said sum of $500,000 United States gold.

For further security of the assigned revenues Liberia forthwith is to establish a frontier police force, sufficient for the maintenance of internal peace within the limits of the Liberian Republic, and the President of the United States from time to time is to designate trained military officers to organize and drill such frontier police force at the expense of Liberia. The receivership shall set aside out of the assigned revenues otherwise payable to Liberia the expense of such force and pay the same out under the direction of Liberian government.

On March 29 ultimo Captain Charles A. Young sailed with three other officers of the American army for Liberia, where with the rank of colonel he will assume control of the re-organization of the Liberian frontier police force. He will later secure a half dozen or more sergeants from the United States. These officers are loaned to Liberia under the agreement. They will have charge of the barracks at Monrovia and organize and command the forces on the frontier.

The General Receiver shall also exercise the function of financial adviser to Liberia. He is to assist in systematizing the Liberian finances. Before the meeting of the Liberian legislature the financial adviser is to approve the statement required of the secretary of the Liberian treasury containing the amounts of Liberian revenues from all sources, the amounts chargeable against said revenues and the residue available for appropriation. At no time are the appropriations to exceed the revenues. Within 10 days after the adjournment of the legislature the secretary of the treasury is required to prepare a statement of the appropriations, and if they exceed the receipts and revenues they are to be revised by a board of revision to equalize the revenues. This board is to consist of the Liberian president, the secretary of the Liberian treasury and the financial adviser. The revision of the board is binding upon the secretary of the treasury. The financial adviser is also to coöperate in establishing the economic and efficient administration and expenditure of public funds. He is required to report to the receivers all important matters in which his advice has been taken and accepted by the Liberian government. In all matters the decision of a majority of the Receivers must be regarded as the judgment of the receivership.

The loan agreement requires the application of the assigned revenues as follows:

1. For the cost of the collection by the receivership of the assigned revenues, and making exchanges, etc.
2. Payment to the fiscal agents of the loan monthly of 20 per cent of the gross receipts of the revenues, not less than $8000 in

United States gold, to be applied on the loan, exchanges, etc., interest and to the sinking fund.

3. To any other amounts to which Liberia is obligated under the loan agreement.

4. To payment of appropriations that may be made by the legislature out of the assigned revenues of any amounts that may be due Liberia.

5. To payment of any residue to Liberia remaining of the assigned revenues. Any deficiency to be made up out of the revenues of succeeding months.

Liberia is required to maintain in New York a fiscal agency to be the transfer agency of the 5 per cent bonds. In case of vacancy in this agency, Liberia may appoint a successor, subject to the approval of the President of the United States. In the meantime until Liberia can appoint the President of the United States may fill the vacancy. To be qualified to hold this agency a trust company must be doing business in New York City, with a capital stock at least of $2,000,000.

The 5 per cent bonds are to be redeemed by payments from a cumulative sinking fund as provided by the loan agreement, out of the amounts payable to the fiscal agents of the loan of sums not required for expense of service of the loan and for interest on the same; and Liberia covenants that the amount shall not be less than $14,500 in United States gold. In the purchase of bonds Liberia may make additional payments according to the terms of the agreement in open market for not more than 102½ per cent and accrued interest to a certain date, and after that date at par and accrued interest.

Once in each year in purchasing the bonds, those to be bought are to be selected by lot at the office of the fiscal agents in New York City. Bonds drawn must be presented at one of the places payable with all coupons maturing after the day when they are to be purchased.

Upon the completion of all preliminary steps Liberia is to deliver to the holders of her external and internal indebtedness the 5 per cent bonds necessary to cover and meet the adjustment of her national debt, in part or whole, who have agreed to accept the same through the fiscal agents. To

those who require cash, bonds are to be given to the bankers equal to the purchase price of the bonds.

For the services of the bankers they are to have their out of pocket expenses, legal charges, a commisssion on the face value of all the 5 per cent bonds and 5 per cent on the bonds purchased by the bankers.

Any residue bonds are to be delivered by the fiscal agents, upon the order of the Liberian secretary of the treasury, to the holders of unadjusted indebtedness against Liberia as they may accept the adjustment, and from time to time these bonds reserved for such unadjusted indebtedness are to be reported.

The fiscal agents shall certify from time to time bonds not so reserved, and after a certain time any bonds still held against unadjusted indebtedness are to be delivered by order of the Liberian secretary of the treasury, countersigned by the General Receiver, and the proceeds from the sale of such bonds shall be held and paid by the fiscal agents solely to reimburse Liberia for any public improvements of a character and to an amount to be approved by the General Receiver.

Any question to be decided, pending decision by the joint Receivers, may be passed on by the General Receiver alone. The Receivers shall meet once a year before the meeting of the Liberian legislature, and at such other times as they may be called by the General Receiver or at the request of all the Receivers.

Notice to Liberia from bankers or fiscal agents must be given through the department at Washington and is completed in thirty days by mail. Any notice to bankers or fiscal agents from Liberia must be given at the office of the fiscal agents at New York.

The loan agreement is to be considered a New York agreement and its meaning in English is to control its interpretation. Liberia had to pass all legislation necessary to carry out the loan agreement by January 1, 1912, or the bankers might terminate the agreement at their option.

By January 1, 1912, Liberia had performed her part under the loan agreement under the administration of Presi-

dent Arthur Barclay, regarded in Europe as one of the ablest statesmen in Liberian history. Fortunate for the people of Liberia his unfinished work has been assumed by a worthy successor, President Daniel E. Howard, for years a national leader in Liberia and the capable and efficient secretary of the Liberian treasury under President Barclay.

In entering upon the high duties of the Liberian presidency January 1, 1912, President Howard surrounded himself with perhaps one of the ablest and most notable cabinets in the history of the Republic. Honorable C. D. B. King, secretary of state, was attorney general under President Barclay; Honorable Thomas W. Haynes, secretary of the treasury, was attorney general under President Gibson and was teacher of mathematics in Liberia College. Honorable James Morris, secretary of the interior, for some years has been governor of Montserrado County and speaks a number of native languages. Honorable Wilmot E. Dennis, secretary of war and navy, was for years a prominent business man and military officer with a splendid record on the field; Honorable Isaac Moort, formerly comptroller of the general post office department, has been elevated to the postmaster generalship; Dr. Benjamin W. Payne, educated in the United States, professor of science in the College of West Africa and a member of the Basa tribe is superintendent of the department of education. Honorable Samuel A. Ross, ex-speaker of the house of representatives, is attorney general.

When we consider some of the utterances of President Howard in his inaugural address concerning the loan agreement, taken in consideration with his character and his courage, it is very difficult to resist the thought and conclusion that Liberia is now happily on a career of national achievement, worthy of her betterself and a credit to the whole Negro race.

Among other things the new President said:

> The financial agreement recently concluded between the government of Liberia and certain American and European capitalists through the kindly assistance of the state department at Washington, it is needless to say, has my strongest endorsement and

approval. The new administration pledges itself to observe strictly all of its provisions and to afford all necessary facilities for its smooth and effective operation.

The agreement, though in some respects it may appear to place a little restriction upon us in the management, collection, and control of our customs revenues, yet in its political bearings will, I am sure, prove to be of incalculable benefit to the Republic. Hence it becomes the solemn and imperative duty of every citizen to give his individual support to the government in its efforts to initiate and prosecute such a measure, which must tend to our national preservation and security. If the temporary management in the hands of others of a part of our government machinery will result in actual and permanent independence and international respect, which I firmly believe will be the outcome, then it becomes our imperative duty as patriotic citizens to make such a necessary and noble sacrifice.